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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL
August 15, 2013

VIA FEDERAL EXPRESS

Bob Stump, Chairman
Gary Pierce, Commissioner
Brenda Burns, Commissioner
Susan Bitter Smith, Commissioner
Arizona Corporation Commission
12 W. Washington
Phoenix, AZ 85007-2996

Arizona Corporation Commission
DOCKETED

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Re: **Northwest Pipeline LLC**
Docket No. E-00000W-13-0135
Comments of Northwest Pipeline LLC in the Matter of the Commission's Inquiry
into Retail Electric Competition

Commissioners:

Northwest Pipeline LLC ("Northwest") is hereby filing with the Arizona Corporation Commission ("Commission") in Docket No. E-00000W-13-0135, comments concerning the Commission's inquiry into retail electric competition. Northwest respectfully requests that the Commission accept these comments after the July 15, 2013 deadline.

Copies of this letter and Northwest's comments have been delivered to the attached list of stakeholders.

Sincerely,

Stewart Merrick
Senior Attorney

cc: Service List

BEFORE THE ARIZONA CORPORATION COMMISSION

**In the Matter of the Commission's Inquiry
Into Retail Electric Competition**

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Docket No. E-00000W-13-0135

Comments of Northwest Pipeline LLC Concerning Retail Electric Competition

Northwest Pipeline, LLC ("Northwest") is hereby filing with the Arizona Corporation Commission ("Commission") in Docket No. E-00000W-13-0135, comments related to the Commission's inquiry into retail electric competition. Northwest was made aware of the comment period on August 12, 2013 via conversations with Arizona customer(s) and subsequently determined that it behooves Northwest to file comments even though the initial comment period has expired. Northwest respectfully requests that the Commission accept the following comments and apologizes for missing the July 15th deadline.

Northwest is an interstate natural gas transmission company that owns and operates a natural gas pipeline system extending from the San Juan Basin in northwestern New Mexico and southwestern Colorado through Colorado, Utah, Wyoming, Idaho, Oregon, and Washington to a point on the Canadian border near Sumas, Washington. Northwest provides services for markets in Washington, Oregon, Idaho, Wyoming, Nevada, Utah, Colorado, New Mexico, California and Arizona directly or indirectly through interconnections with other pipelines.

Northwest's system has a peak day capacity of approximately 3.9 MMDth/d, is composed of approximately 3,900 miles of mainline and lateral transmission pipelines and 41 transmission compressors. Northwest transports and stores natural gas for a broad mix of customers, including customer's that serve markets in Arizona. Additionally, Northwest offers interruptible and short-term firm transportation service. Northwest owns a one-third interest in the Jackson Prairie underground storage facility in Washington and contracts with a third party for storage service in the Clay Basin underground field in Utah. Northwest also owns and operates an LNG storage

facility in Washington. These storage facilities have an aggregate working gas storage capacity of 14.2 MMDth of natural gas, which is substantially utilized for the benefit of Northwest's customers. These natural gas storage facilities enable Northwest to balance daily receipts and deliveries and provide storage services for greater flexibility.

COMMENTS

Like El Paso Natural Gas (EPNG), Northwest neither supports nor opposes retail electric competition in the State of Arizona. Further, Northwest believes it is uniquely situated to enhance service to Arizona natural gas fired generation facilities, and provide supply diversification and storage optionality that will benefit electric generation customers from a reliability and competitive market standpoint.

9. Will retail electric competition impact reliability? Why or why not?

In the Commission's May 23, 2013 request for comments, the question was posed as to whether retail electric competition would impact reliability. Northwest will address reliability from the natural gas supply standpoint. Northwest currently serves customers in Arizona indirectly through its interconnects with EPNG and Transwestern. From a reliability and supply diversity perspective, Arizona natural gas electric providers would benefit from contracting for upstream services on Northwest to protect against natural gas supply disruptions that would adversely impact electric operations in the state.

Arizona receives a disproportionate volume of natural gas supply from the San Juan Basin. Common conjecture forecasted by a myriad of consultants represent that the San Juan Basin resource is declining in nature and that the Desert Southwest will increasingly turn to natural gas supply resources upstream in the Rocky Mountain basins. Additionally, Arizona will be competing for supply with burgeoning demand for natural gas to be exported to Mexico.

These two factors form the cornerstone of Northwest's comments that Arizona electric customers need to proactively contract for upstream supply and natural gas transportation options.


The transformation of the natural gas supply in the United States and the outlook in the western United States in particular is what Northwest believes needs to be emphasized as Arizona formulates and shapes long-term energy policy. Natural gas supply diversity and long-term viability should be paramount in determining the reliable nature of the state's electric operations. Northwest has been a key contributor to providing access to supply to the state on an indirect basis. If reliability is to be gained for electric operations in the state, Northwest believes that natural gas supply diversity needs to be a part of it, and those electric participants should be contracting for upstream resources.

CONCLUSION

Northwest appreciates the Commission's time and would welcome the opportunity to discuss the merits of natural gas supply diversity from an electric reliability standpoint in detail with the Commission.

Respectfully submitted,

Northwest Pipeline LLC

By: 

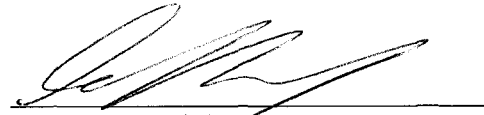
Stewart Merrick
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Dated: August 15, 2013

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person identified on the Commission's official service list.

Date at Salt Lake City, Utah this 15th day of August, 2013.


Stewart Merrick